

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: McClintock Analyst: Roger Lackey Bill Number: AB 86
Related Bills: AB 19, AB 2503
(97/98) Telephone: 845-3627 Amended Date: 01-25-99
Attorney: Doug Bramhall Sponsor: _____

SUBJECT: Bureaucracy Realignment & Closure Commission Access State Agency Records & Information

SUMMARY OF BILL

This bill would create the Bureaucracy Realignment and Closure Act of 1999, which would establish a commission to examine governmental agencies, bureaucracies, boards, and commissions, and recommend modifications to increase accountability and effectiveness.

SUMMARY OF AMENDMENT

The January 25, 1999, amendment made minor changes to the language and decreased the amount of money requested to fund the commission.

The department did not analyze this bill as introduced December 10, 1998.

EFFECTIVE DATE

This bill would be effective on January 1, 2000.

SPECIFIC FINDINGS

Current **state law** provides for the existence of the Franchise Tax Board (FTB). The FTB is a three-member board consisting of the State Controller, the Chair of the Board of Equalization, and the Director of the Department of Finance. By statute, the FTB is placed under the State and Consumer Services Agency. The FTB is responsible for administering the Personal Income Tax, Bank and Corporation Tax, and Homeowner's and Renter's Assistance Programs; auditing financial statements of political candidates and lobbyists in accordance with the state's Political Reform Act; and collecting various non-tax debts including child support payments, vehicle registration fees, and other debts as authorized or required by the Legislature.

Existing law requires the Bureau of State Audits, under the direction of the State Auditor, to conduct financial, performance, investigative, and other audits, which review the financial and operational aspects of state and local entities. The goal of these audits is to ensure that the government provides the essential services to the public in the most efficient and effective manner and that programs established by the executive and legislative branches of government are in place and working as intended. The Bureau conducts performance audits mandated by statute or requested by the Legislature.

Board Position:

_____ S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	_____ <u>X</u> PENDING

Department Director

Date

Gerald Goldberg

3/12/1999

Existing law also requires the secretary of each agency to be responsible for the sound fiscal management of each department, office or other unit within his/her agency. These responsibilities include the review of operations and evaluation of performance of each department, office or other unit.

Currently, under provisions of the State Government Strategic Planning and Performance Review Act (Stats. 1994, Ch. 779), the Department of Finance (DOF) is required to conduct a survey of all state agencies, except the University of California, to determine which agencies have or have not completed strategic plans and to recommend which agencies should develop a strategic plan. The Act also requires the DOF, in consultation with the Controller, the Bureau of State Audits, and the Legislative Analyst, to develop a plan for conducting performance reviews of all state agencies that have completed strategic plans.

Currently, the Controller has the authority to conduct financial audits.

Existing state law provides for the existence of the Milton Marks "Little Hoover" Commission, with the purpose of assisting the Legislature and the Governor in promoting economy, efficiency, and improving service in the transaction of the public business in various departments, agencies, and instrumentality of the executive branch.

The commission is provided the authority to conduct independent audits for use by the executive and legislative branches of government regarding the structure, organization, operation, and function of every agency, department, and the executive branch. Upon completing its audits, the commission reports its findings to the Legislature and the Governor with recommendations regarding its findings.

This bill would establish the Bureaucracy Realignment and Closure Act of 1999 and the Bureaucracy Realignment and Closure Commission (the commission) to examine governmental agencies, bureaucracies, boards, and commissions.

This bill would provide specific guidelines regarding the commission's authority and formation, including the authority to obtain full cooperation from all state bureaucracies.

This bill would provide that the commission shall examine the structure, configuration, duties and responsibilities of state bureaucracies, and report its findings to the Legislature and the Governor. The commission shall have public hearings and receive comments from specified state officials and agencies, including the Controller, the Director of Finance, and the Little Hoover Commission.

The commission shall make recommendations on modifications to increase accountability and effectiveness, reduce duplication of services, increase productivity, and reestablish the proper role of government. The commission shall include with its report a recommendation regarding needed reform and a list of bureaucracies to be realigned or abolished.

Upon completion of its evaluation, not later than July 15, 2001, the commission would submit its recommendation to the Governor and transmit a copy to the Director of Finance, who would prepare and issue a report displaying the forecasted savings that would result from the commission's recommendation.

This bill would provide that the Governor by August 15, 2001, approve the recommendation or return the recommendation to the commission for revision. The Governor would be required to submit the plan, upon its approval, to the Legislature as a plan for reorganization.

This bill would provide that the plan would become effective the first day after 60 days of continuous session by the Legislature or at a later date if provided for by the plan, unless the plan is passed or rejected by a vote by the Legislature prior to that 60-day period. However, the plan is not subject to amendment.

Also, **this bill** would provide that the plan specify that the state bureaucracies recommended for closure or realignment be closed or realigned beginning one year after the effective date of the plan and completed within three years of that effective date.

This bill would define "State Bureaucracy" as every state agency, office, officer, department, division, bureau, board, or commission, including the California State University.

Policy Considerations

This bill appears duplicative of the authority already vested in the Little Hoover Commission and the State Auditor (Government Code Section 8521 to 8525) and the Governor (Section 6 of Article V of the Constitution).

Implementation Considerations

If this bill were enacted, the department and its programs would be subject to the examination of the newly established commission.

The department would be required to provide full cooperation, access to its records, and access to any information, suggestions, estimates, data, and statistics that are available. While it cannot be determined how many resources would be required, it is not anticipated that assisting the commission would significantly impact the department.

COMMISSIONS & BOARDS

This bill would establish the Bureaucracy Realignment and Closure Commission.

FISCAL IMPACT

Departmental Costs

The impact to the department's costs cannot be determined.

Tax Revenue Estimate

The impact to the state's income tax revenue of any potential reorganization that might result from the commission's study and recommendations cannot be determined.

BOARD POSITION

Pending.